

~~Administrative - Internal Use Only~~

31 AUG 1978

SBC MUR

OLC #78-5148/1

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: John F. Blake
Deputy Director for Administration

SUBJECT: Security Review - Interim Report

REFERENCE: Memorandum for DDA from DDCI, dated
18 August 1978, Subject: A Request
for a Security Review and Assessment

1. Action Requested: None; for information only.

2. Background: Following the mid-August 1978 revelation that a former Agency employee had sold classified information to the Soviets, you directed a comprehensive review of the Agency's security policies and procedures and called for an interim report by 1 September 1978. Subsequently, the Director has expanded the scope of the interim report to include: (a) a cataloguing of specific improvements in the Agency's security program realized since his appointment and by his initiatives; and (b) a listing of procedures currently being initiated to further improve the security of classified information. Pursuant to those directions, this interim report is submitted.

3. Staff Position: In April 1977, following the revelations of the Moore and Boyce/Lee espionage cases, a comprehensive impact study was completed by the Office of Security. As a consequence, the Director caused several security initiatives and gave the necessary impetus to others which have been successfully implemented to the enhancement of Agency and Intelligence Community security. Agency programs successfully implemented include:

a. A rigorous staff personnel security reinvestigation program

MORI/CDF

~~Administrative - Internal Use Only~~

~~Administrative - Internal Use Only~~

b. Expanded security education and reindoc-trination efforts throughout the Agency.

c. Enhancement of appraisal criteria in Industrial Security Approvals.

d. Initiation of the Industrial Contractor Polygraph Program.

e. Increased spot checks of briefcases, packages and parcels at all Agency facilities in the Washington Metropolitan area.

f. Initiation of a program of unannounced security audits of Agency contractor facilities.

g. Initiation of research to enhance security movement of classified information via tamper-resistant security containers and to preclude unauthorized reproduction of documents via use of special paper, special inks and other techniques.

h. A personal interest in and involvement by the Director and senior Agency managers in the adjudication and penalty assessment procedures involving Agency employees who have violated security regulations.

Programs initiated by the Director to tighten the security of the Intelligence Community have included:

a. The strengthening of the Director of Central Intelligence Security Committee as a focal point for reporting and tracking unauthorized disclosures and for raising security consciousness in the Community.

b. Maintaining a freeze since 1 June 1977 on the total number of sensitive compartmented clearances throughout the Community.

c. Initiation of a program to revalidate security clearances by effecting zero-based reviews in Intelligence Community and contractor facilities.

d. Directing contracting and legal authorities to strengthen the security provisions of contracts between commercial firms and Intelligence organizations.

~~Administrative - Internal Use Only~~

I can assure you the Director of Security has and is continuing to dedicate all available personnel resources, as well as his personal attention, to the programs outlined above.

In accordance with your specific request of 18 August 1978, a comprehensive review of the Agency's security policies and procedures has commenced.

During the week of 21 August the organization and staffing of a Security Review Task Force was undertaken. The Task Force will approach the review in three segments. Each segment staff will function under the leadership of a senior experienced officer. The segments will address, separately, Personnel Security, Physical Security, and Information Control and Protection. The magnitude of the task is awesome, and the Director of Security estimates a comprehensive review will require a minimum of sixty (60) days. *(21 Oct!)*

The Personnel Security Segment of the Task Force intends to investigate all periods of an employee's career from preemployment processing through post-employment counseling. It is their intent to survey personnel recruitment and assignment policies and procedures which are quite varied from directorate to directorate and from office to office. Although the emphasis in this segment will be on staff employees, the Task Force will also survey the several other types of individuals who are utilized by the Agency. The entire security clearance process from pre-field investigation to final adjudication will be reviewed, as will the vast number of policies and procedures that pertain during the employment phase.

The employment phase topics include security indoctrination/reindoctrination; marriage, including marriage to an alien; outside activities; handling of misconduct incidents; counterintelligence review of high risk personnel and organizational units; the reinvestigation program; security and suitability reviews for overseas candidates; Agency management responsibilities; and the Personnel Evaluation Board. Finally, the Agency's out-processing policies and procedures as well as current policies relative to post-employment counseling will be addressed under this segment.

The Task Force will exclude from its review the operational security policy procedures and practices concerning those individuals who are utilized by the Directorate of

Administrative - Internal Use Only

Operations in an operational and informational capacity such as double agents and clandestine sources. That policy is a DDO responsibility.

The Physical Security Segment has an enormous task at hand. This segment will limit the scope of their review by concentrating primarily upon the physical security program as it is pursued within the Headquarters Building. The substantive areas which constitute the physical security program of the Agency can be examined in relation to operations within the Headquarters Building within a reasonable time frame.

Essentially our physical security policies and procedures at Headquarters have been adopted in our domestic and overseas facilities, and available resource and time constraints dictate that but cursory reference be given to the nature and scope of the overseas

during the survey. Similarly, this review will not specifically cover the physical security aspects of our industrial security program because that subject has been thoroughly reviewed during the past year. And finally, we consider the technical threat as well as the measures which have been implemented to counter this threat as beyond the scope of this review. STATINTL

The Physical Security Segment of the Task Force will address thoroughly the policies and procedures pertaining to: perimeter security; building security; access controls for all types of people from staff employees to vendors; badges; entry and exit inspection procedures; internal personnel control; storage of classified information; the Agency's guard program; intrusion detection systems and other monitoring equipment; after hours security procedures and the security violation program.

The Information Control and Protection Segment proposes to review the application by CIA of directives and regulations governing the production, marking, classification, reproduction, transmission, inventory and overall control of classified information. These will be reviewed for current applicability to determine whether rules are being observed, and, if so, whether a significant measure of control results from their observance. The scope of this segment will include an inquiry into the level and efficiency of employee training in document control procedures; an examination of the possibility

of handling information at lower levels of classification or compartmentation; exploration of methods to reduce the amount of classified material retained in the Agency; inquiry into the efficacy of current ADP and microform information control, and the state of pre-planning for future information technology requirements. Finally, we intend to examine alternative ways of controlling accountability for classified materials, including automated techniques.

Obviously, to conduct the survey effectively, the Task Force will require the complete cooperation of the Agency's population. For example, to meaningfully describe current procedures under the Personnel Security Segment is going to require close cooperation with several offices, especially the Office of Personnel and the Office of Medical Services. Furthermore, several offices throughout the Agency are involved in the recruitment of personnel, and their cooperation will also be necessary. Consequently, it is recommended that you solicit the cooperation of all directorates with the members of the Task Force.

The Task Force will approach its task by extensive documentary reviews, personal interviews both within and external to the Agency, and by discussion within the Task Force which will lead to a series of recommendations concerning the Agency's security program. The Task Force members have been exhorted to approach the task, particularly the recommendations, with absolute objectivity and personal integrity, as we view the review as an opportunity to assure our security policies and procedures are right for the time.

We envision a final report to be submitted to you by 3 November 1978. We expect that report to be in four parts: (a) a description of current policies and procedures; (b) analysis of current policies and procedures; (c) conclusions; and (d) recommendations.

The current review will be thorough. We anticipate specific recommendations pertaining to the restatement of the basic principle that Security is a command responsibility within the Agency, i.e., the responsibility of each manager and supervisor. Furthermore, we expect to relate the apparent deterioration in security discipline in the operating components to the reduction of professional security positions in those components over the past decade; in ten years the number of

Administrative - Internal Use Only

Security careerists assigned to other TO's has dropped from 160 to 89, thirty-nine of those positions were located overseas and twenty-one were at Headquarters. These issues require orderly analysis before recommending specific changes.

Nevertheless, the urgency of the present situation calls for the implementation of improved procedures and new initiatives prior to completion of the formal review. Towards that end the following actions have been taken:

(a) Commencing 11 September 1978 the briefcase, package inspection program will be expanded and conducted by the Federal Protective Officers on a routine basis seven days a week and twenty-four hours a day.

(b) Commencing immediately, systematic counter-intelligence procedures will be established by the Office of Security to investigate employee accesses to secure areas outside of normal duty hours and to review the pattern of employee after-hours accesses to Headquarters area buildings.

(c) The Office of Security currently has ordered active studies into two methods of controlling document reproduction. One concept involves the modification of reproduction equipment to house a badge reader which would maintain accountability for all copies made at least to the extent of maintaining an audit trail of an individual employee's use of the equipment. The other concept involves development of a paper or print process which is not copiable.

(d) The Deputy Directors of the Agency are being directed, immediately, to establish positive, accountable document controls for particularly sensitive materials under their cognizance.

(e) Arrangements are being finalized for the Office of Security to conduct a series of briefings of senior staffs throughout the Agency. The briefings will comprehensively review security problems discovered during the past several months through the reinvestment program, briefcase inspection program, etc., and will reemphasize the command and managerial responsibility in implementing sound security practices.

Administrative - Internal Use Only

(f) The Office of Security is reminding Agency managers that personnel are available as speakers, panelists, consultants, etc, to assist command channels in the security education and reindoctrination of small employee groups. As you know, the Office of Security recently completed a formal reindoctrination of the Agency population in a number of presentations to large audiences.

4. Conclusion: In accordance with the reference, I assure you that the Security Review is receiving the highest priority and my personal attention. The scope of the task, in my opinion, fully justifies a 3 November 1978 final reporting date.

18/
John F. Blake

Distribution:

Orig - Addressee

2 - DDA

1 - ER

① - D/Security